

## **MDR Tracking Number: M4-03-5542-01**

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above.

This dispute was received on 04/16/03.

### **I. DISPUTE**

Whether there should be additional reimbursement for hospital admission for dates of service 04/22/02 through 04/27/02. Carrier denied charges as, "F-The charges for this hospitalization have been reduced based on the fee schedule allowance. F-The charge for this procedure exceeds fair and reasonable. The charge for this procedure exceeds the fee schedule or usual and customary allowance."

### **II. RATIONALE**

During the respondent's audit of the disputed services, the carrier improperly carved out the charges for the implantables and reimbursed the requestor a total of \$63,833.76. Per rule 134.401(c)(4)(A)(i) this action is allowed only when stop loss is not in effect with a total audited bill below \$40,000.00.

The carrier did not audit the charges per Rule 133.1, 133.301 and 134.401. Per Rule 134.401 (c)(6)(v), "Audited charges are those charges which remain after a bill review by the insurance carrier has been performed."

According to Rule 134.401 (b)(2)(A) all hospitals are required to bill usual and customary. The requestor billed usual and customary. The denials listed on the EOBs incorrectly applied §413.011 despite the fact that a fee guideline exists for this inpatient admission. Consequently, without the appropriate audits per §133.301 and 134.401, the total of these disputed/audited charges exceed \$40,000.00.

According to Rule 134.401(c)(6), the services in dispute are to be reimbursed per the Stop-Loss Method. Stop-loss is an independent methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. Rule 134.401(c)(6)(A)(i) states that to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. The reimbursement for the entire audited admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%. The Stop-Loss Reimbursement Factor is multiplied by the total audited charges to determine the Workers Compensation Reimbursement Amount (WCRA) for the admission.

Rule 134.401(c)(6)(B) states the formula for calculating the appropriate reimbursement is:

Audited Charges x SLRF = WCRA.”

\$124,923.69	Total billed charges
<u>-1,602.22</u>	proper audited charges usual & customary for DOS 04/22/02
\$123,321.47	Total audited charges
<u>x 75%</u>	SLRA
92,491.10	Total recommended reimbursement
<u>-62,461.85</u>	Payments made
\$30,029.25	Additional reimbursement recommended (WCRA)

### III. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to additional reimbursement for hospital admission of 04/22/02 through 04/27/02. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby ORDERS the Respondent to remit **\$30,029.25** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 22nd day of November, 2004.

Michael Bucklin  
Medical Dispute Resolution Officer  
Medical Review Division

Allen McDonald, Director  
Medical Dispute Resolution

AM/mkb